

WESTOZ INVESTMENT COMPANY LIMITED

A.B.N. 99 113 332 942

HALF YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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CORPORATE DIRECTORY

REGISTERED OFFICE

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11 Mounts Bay Road
PERTH WA 6000

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Facsimile: (08) 9321 8288
Website: www.westozfunds.com.au

AUDITORS

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

BANKERS

Westpac Banking Corporation
109 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

BOARD OF DIRECTORS

Peter Diamond
Non Executive Chairman
Philip Rees
Executive Director, Company Secretary
Jay Hughes
Non Executive Director
Terry Budge
Non Executive Director

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Your Directors submit their report for the half-year ended 31 December 2007.

1. DIRECTORS

The names of the Directors of the Company in office during the financial period and until the date of this report are as follows: -

Peter Diamond
Philip Rees
Jay Hughes
Terry Budge

2. REVIEW AND RESULTS OF OPERATIONS

Highlights of the Company's operations during the six months ended 31 December 2007 are as follows:

- A net profit after tax of \$28,060,344 was recorded for the period. This included realised gains on investments, interest income, dividend income and changes in the fair value of assets held as at 31 December 2007;
- Net tangible asset backing per share at 31 December 2007 was \$1.60 per share. This figure makes allowance for all costs and provision for tax on unrealised investment gains; and
- 2,230,824 additional shares were issued during the six month period. These shares were issued via placements (at the prevailing NTA per share), dividend reinvestment plan (at \$1.26 per share) and the exercise of options (at \$1.20 per share).

Following the completion of the half-year to 31 December 2007, the Directors remain confident that the Company's objectives will be met over its investment horizon.

3. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included on page 4 and forms part of the Westoz Investment Company Limited's report for the half year ended 31 December 2007.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



Peter Diamond
Chairman
Dated: 6 February 2008

Auditor's Independence Declaration to the Directors of Westoz Investment Company Limited

In relation to our review of the financial report of Westoz Investment Company Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

T G Dachs

T G Dachs
Partner
6 February 2008

**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Note	31/12/2007	31/12/2006
		\$	\$
Revenue from continuing operations			
Interest Income		673,305	1,534,913
Dividend Income		1,533,202	637,722
Changes in the fair value of investments	2	45,136,062	(630,177)
Other Income		-	39,714
Total revenue		47,342,569	1,582,172
EXPENSES			
Managers fees		7,646,835	503,519
Audit fees		30,025	8,325
Directors fees		16,500	16,500
Professional fees		19,013	10,938
Other expenses		22,506	3,636
Total expenses		7,734,879	542,918
PROFIT BEFORE INCOME TAX EXPENSE		39,607,690	1,039,254
Income tax expense		11,547,346	120,460
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY		28,060,344	918,794
Earnings per share (cents per share)			
- Basic		27.0	1.10
- Diluted		26.5	1.10

**CONDENSED BALANCE SHEET
AT 31 DECEMBER 2007**

	Note	31/12/2007 \$	30/06/2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	17,596,515	20,767,392
Investments in financial assets designated at fair value through profit or loss:			
- Listed Equities and Managed Investment Schemes		178,220,671	132,217,946
Other		777,292	1,584,595
TOTAL CURRENT ASSETS		196,594,478	154,569,933
TOTAL ASSETS		196,594,478	154,569,933
CURRENT LIABILITIES			
Trade and Other Payables		6,991,000	1,369,214
Income Tax Payable		4,488,382	580,592
Distribution Payable		-	5,113,357
TOTAL CURRENT LIABILITIES		11,479,382	7,063,163
NON -CURRENT LIABILITIES			
Deferred Tax Liabilities		18,201,056	11,461,555
TOTAL NON-CURRENT LIABILITIES		18,201,056	11,461,555
TOTAL LIABILITIES		29,680,438	18,524,718
NET ASSETS		166,914,040	136,045,215
EQUITY			
Issued Capital	3	109,502,558	106,694,077
Retained Earnings		57,411,482	29,351,138
TOTAL EQUITY		166,914,040	136,045,215

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Note	31/12/2007	31/12/2006
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		673,305	1,534,913
Dividends received		1,533,202	637,722
Payments to supplier		(929,878)	(571,689)
Income tax paid		(900,054)	(2,029,150)
Others		721,347	291,872
		<hr/>	<hr/>
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		1,097,922	(136,332)
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		105,126,113	22,150,939
Payments for purchases of investments		(107,090,036)	(54,521,881)
		<hr/>	<hr/>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,963,923)	(32,370,942)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		47,156	22,677,518
Dividend paid		(2,352,032)	(1,571,411)
		<hr/>	<hr/>
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		(2,304,876)	21,106,107
		<hr/>	<hr/>
NET DECREASE IN CASH HELD		(3,170,877)	(11,401,167)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		20,767,392	61,191,345
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	17,596,515	49,790,178
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Issued Capital	Retained Earnings	Total Equity
	\$	\$	\$
At 1 July 2007	106,694,077	29,351,138	136,045,215
Issue of Share Capital	2,808,481	-	2,808,481
Profit for the period	-	28,060,344	28,060,344
At 31 December 2007	<u>109,502,558</u>	<u>57,411,482</u>	<u>166,914,040</u>

	Issued Capital	Retained Earnings	Total Equity
	\$	\$	\$
At 1 July 2006	79,005,933	6,329,302	85,335,235
Issue of Share Capital	24,902,771	-	24,902,771
Profit for the period	-	918,794	918,794
At 31 December 2006	<u>103,908,704</u>	<u>7,248,096</u>	<u>111,156,800</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

The half-year financial report is a general purpose condensed financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 “Interim Financial Reporting”. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Westoz Investment Company Limited as at 30 June 2007, which was prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

It is also recommended that the half-year financial report be considered together with any public announcements made by Westoz Investment Company Limited during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis except for investments which are carried at fair value. The financial report is presented in Australian dollars. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in Accounting Policy

Since 1 July 2007 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 101 (revised October 2006) Presentation of Financial Statements
- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007-1 Amendments to Australian Accounting Standards arising from Interpretation 11 (AASB 2)
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107, & AASB 128)
- Interpretation 10 Interim Financial Reporting and Impairment
- Interpretation 11 AASB 2 – Group and Treasury Share Transactions

	31/12/07 \$	31/12/06 \$
Net realised gain on disposal of investments	22,671,057	1,623,980
Net unrealised gain on investments	22,465,005	(2,254,157)
	<u>45,136,062</u>	<u>(630,177)</u>

3. ISSUED CAPITAL

	31/12/07 \$		30/06/2007 \$	
<i>Ordinary Shares</i>				
(a) 104,497,958 fully paid ordinary shares	<u>109,502,558</u>		<u>106,694,077</u>	
<i>(b) Movements in ordinary shares on Issue</i>	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	102,267,134	106,694,077	75,933,280	79,005,933
Issued during the period				
- Dividend reinvestment plan (i)	2,191,528	2,761,325	2,099,295	2,225,253
- Placements	4,014	4,817	7,091,880	8,217,189
- Rights Issue at \$1.00 per share	-	-	16,606,692	16,606,692
- Option exercise at \$1.20 per share	35,282	42,339	535,987	643,184
Less issue costs		-		(4,174)
	<u>104,497,958</u> <u>109,502,558</u>		<u>102,267,134</u> <u>106,694,077</u>	

- (i) Shares were issued pursuant to the Company's dividend reinvestment plan at a price of \$1.26 per share (30/06/2007: \$1.06 per share).

4. SEGMENT INFORMATION

(a) Business Segment

The Company operated in one business segment during the period as an investment company. The Company considers this business segment to be its primary segment.

(b) Geographic Segment

The Company operated in one geographical segment being Australia.

5. CONTINGENT LIABILITIES

The Company has no contingent liabilities.

6. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or events have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Company, the results of its operations or the state of affairs of the Company in subsequent financial periods.

7. NOTES TO THE STATEMENTS OF CASH FLOW

(a) *Reconciliation of Cash*

For the purpose of the half-year balance sheet, cash and cash equivalents are comprised of the following:

	31/12/07 \$	30/06/2007 \$
Cash at Bank and in hand	17,596,515	20,767,392
	<u>17,596,515</u>	<u>20,767,392</u>

8. RELATED PARTY DISCLOSURES

The Directors of Westoz Investment Company Limited during the period were Mr Peter Diamond, Mr Philip Rees, Mr Jay Hughes and Mr Terry Budge. During the half-year ended 31 December 2007, director fee of \$16,500 was paid to Mr Terry Budge.

Westoz Funds Management Pty Ltd, a Company of which Messrs Diamond, Rees and Hughes are Directors received management fees from the Company for the management of its assets. A fee of \$881,835 (2006: \$503,519) was charged in the period for these services. A provision was made for payment of a performance fee in the current period of \$6,765,000 (2006: nil).

These fees were charged in accordance with a management agreement, the terms of which have been disclosed.

Euroz Securities Limited, a company of which Messrs Diamond and Hughes are Directors received brokerage fees for transactions undertaken by the Company in respect of its investments. An amount of \$592,672 (2006: \$256,766) was paid in the period as brokerage to Euroz Securities Limited.

The above transactions were entered into on normal commercial terms.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Westoz Investment Company Limited, the Directors declare that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2007 and of the performance for the half-year ended on that date of the Company; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Peter Diamond', written in a cursive style.

Peter Diamond
Chairman
Dated: 6 February 2008

To the members of Westoz Investment Company Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Westoz Investment Company Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Westoz Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

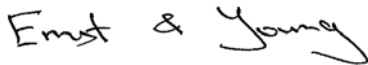
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Westoz Investment Company Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



T G Dachs
Partner
Perth
6 February 2008